

Nassau County Comptroller's Office
Operational Review of the Health Insurance Unit
Corrective Action Plan

	RECOMMENDED ACTION	REPORT AUDIT NUMBER	IMPLEMENTATION STATUS
1	We recommend that the health insurance unit/county Department of Information Technology obtain computer files of all covered individuals on a quarterly basis from the Empire Plan. These files should be matched by computer against the county health insurance database to verify that all individuals covered in the plan are entitled to coverage. Exception reports should be prepared listing all individuals who have Empire coverage, but whose status is designated as deceased or who have a NUMIS code indicating that they work for NHCC. Additionally, verification should be performed to ensure that those individuals designated as terminated are entitled to maintain coverage. These individuals should be under the age of 55 with five years of service and should be currently reimbursing the county for insurance premiums. Individuals who are not entitled to coverage should be terminated from the policy immediately.	1	We concur with the auditors' findings and recommendations and are currently working with the DOIT and the health insurance vendor to perform computerized file matching. This file matching process will result in the production of exception reports that will identify errors of the type detected by our auditors. These edits will be prepared on a quarterly basis and any exceptions noted will be resolved in time to obtain a full credit from the vendor. <u>STATUS UPDATE</u> : As of 1/04, we now have in production a quarterly matching exception report of enrollees and dependents in Empire Plan (NYBEAS system) vs. County Health Insurance Database System.
2	<p>We also recommend that the Comptroller:</p> <p>(a) seek reimbursement from the Empire Plan for \$38,633.24 in excess premiums paid to the plan on behalf of deceased individuals;</p> <p>(b) seek reimbursement from NHCC for \$40,934.40 paid by the county on behalf of NHCC employees; and</p> <p>(c) seek reimbursement of \$16,918.50 from the Empire plan for six months premiums paid on behalf of the four terminated employees. (The Empire Plan permits adjustments for up to six months coverage.)</p> <p>(d) Explore with the county attorney the feasibility of collecting \$23,672.28 in premiums from the four terminated employees who were not entitled to coverage.</p>	1	The following steps have been taken in response to the exceptions noted: 1) The seven individuals who were noted as deceased in the health insurance records have been deleted from Empire Plan enrollment and a credit will be received from NYSHIP for excess premiums paid, 2) The four individuals who terminated employment and were not entitled to coverage have been deleted from Empire coverage. We will receive a credit equal to the cost of the last six months coverage. The remainder cannot be recovered from Empire. The four NHCC employees have been removed from our policy and a credit will be obtained from NHCC for the premiums that should have been paid by them. Through these steps, the County will recover \$96,486, or 80 percent of the \$120,162. in the excess payments.

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3	Second requests should be sent to the last known addresses of the seven individuals who did not respond, stating that coverage will be terminated in 30 days if no reply is received within that period. If no response is received, coverage should be terminated and a refund should be requested from Empire for premiums paid after the date of death. Those that respond should be required to correct their records with the Social Security Administration and obtain evidence of continued entitlement to coverage.	2	We agree with the recommendation and will try to obtain access to a database containing the Social Security Death Index and/or obtain the cooperation of the New York State and Local Employees' Retirement System to allow us to perform periodic computer searches against their files. Any enrollees who are designated with a "deceased" status in the federal or state databases will be terminated from coverage unless the county obtains proof that the Social Security Administration's or New York State's records are in error. Health Insurance coverage was terminated in the seven cases where we did not receive a request for continuation of coverage. As a result, we will obtain a credit from the Empire Plan of \$21,743. We will attempt to utilize other resources to confirm whether the Social Security Administration's records are incorrect regarding the two individuals who responded to our request for confirmation of continued coverage.
4	The health insurance unit should investigate the possibility of purchasing or obtaining access to a database that would enable the DOIT to perform a periodic computer search for deceased enrollees. The Social Security Administration offers their Death Index for sale. We may also be able to obtain the cooperation of the New York State and Local Employees' Retirement System to obtain access to its enrollee database to determine if any of our participants are deceased.	2	

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5	<p>We recommend that:</p> <p>(a) The health insurance unit and the DOIT run periodic exception reports (not less than quarterly) of all employees enrolled in the optical plan to identify those who are designated as terminated and who are not paying for coverage. The list of employees should be investigated by the health insurance unit to verify that the individuals are entitled to coverage.</p> <p>(b) An exception report should be produced to identify any active employees, or employees who retired after September 1999, who are or were employed by NHCC. These individuals should be disenrolled from the county policy and covered by NHCC. A credit should be obtained from NHCC for the cost of coverage for which that they were responsible.</p> <p>(c) The enrollment entry for "John Q. Public" should be removed from the roster of covered individuals and a refund should be obtained for all premiums paid on behalf of "him."</p> <p>(d) The health insurance unit should analyze prior months to determine the identify of individuals covered pursuant to COBRA whose names also appear in the headcounts given to the optical insurer. The Comptroller's Office should seek a refund from the insurer for the amount of duplicative premiums paid. It should also seek a refund from the insurer for premiums paid on behalf of terminated individuals.</p>	3	<p>We agree with the auditors' findings and recommendations. DavisVision confirmed to us that the 154 NHCC individuals had duplicate coverage, paid for by both the County and the Medical Center. These individuals were terminated from our coverage and DavisVision agreed to refund the \$25,080. paid by the County for this duplicate coverage. We also terminated the coverage of the eight terminated individuals and deleted the test case "John Q. Public." We have requested a refund of the excessive amounts paid. Similar to our response on the Empire Plan findings, the optical plan enrollment will be subject to quarterly file matching and the enrollment errors detected will be addressed immediately. As noted in the report, duplication of names in the DavisVision roster and the DavisVision COBRA roster was identified and reported to the County's Information Technology Department. The Department is modifying these reports to prevent such duplication and to ensure that correct headcounts are provided to the health insurance unit. These lists will be reviewed for duplications of individuals for the</p>
6	<p>The health insurance unit should obtain a refund for premiums paid on behalf of Employee A from Vytra. Employee B should be transferred to NHCC's policy, and the health insurance unit should obtain a credit from NHCC for the premiums paid on behalf of its employee.</p>	4	<p>We concur with auditor's findings and recommendations. We contacted Vytra, which deleted both "Employee A" and "Employee B" from our policy and we received a full credit refund of \$24,771. The Vytra enrollment will be subject to the file matching process described in our response to the Empire findings.</p>

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7	<p>(a) We recommend that the health insurance unit and the DOIT run periodic exception reports of all employees enrolled in the dental plan to identify those designated as terminated or retired, who are not paying for coverage on a current basis. Such individuals should be terminated from coverage.</p> <p>Similarly, an exception report should be produced to identify active employees, or employees who retired after September 1999, who are or were employed by NHCC. These individuals should be disenrolled from the county policy and covered by NHCC.</p> <p>(b) If the insurer has not incurred expenses on behalf of the retired individuals, the Comptroller's Office should seek a refund from the insurer for \$4,550.00 in premiums paid for these policies. The Comptroller's office should also obtain a credit from NHCC in the amount of \$1,575.00 for premiums paid by the county that are NHCC's responsibility.</p>	5	<p>The duplicate insurance provided to NHCC employees was terminated and Healthplex will provide a refund of \$1,575. The coverage of the two retired individuals has been terminated. Our file matching initiative will detect errors of this nature so that future such losses do not occur.</p>
8	<p>We recommend that the health insurance and field audit units, and DOIT devise a series of automated record matches to be performed periodically (no less than quarterly) by comparing vendor enrollment files, the health insurance database and NUHRS records. The edit reports produced should list conditions such as:</p> <p>(a) Individuals enrolled in a health coverage plan, but who are not included as an employee in NUHRS or who are not included in the Health Insurance System;</p> <p>(b) Individuals who are enrolled in a health coverage plan who have not chosen that plan as their health option;</p> <p>(c) Individuals who opted for a buyback of health insurance coverage, but who are enrolled in a health insurance plan;</p> <p>(d) Individuals who have been assigned a status of terminated or deceased, but who are still enrolled in a health insurance plan;</p> <p>(e) Individuals required to pay for coverage who are not current on payments;</p> <p>(f) Individuals who are NHCC employees, but who are still enrolled in Nassau County policies; and</p> <p>(g) Individuals who should be required to provide evidence that family coverage is necessary.</p>	6	<p>This is an on-going project. The proposals for file matches to be performed were provided to Information Technology (DOIT) for programming. We will closely work with the DOIT to review test outputs and to request edits in addition to the examples provided. The file matching will be performed on a quarterly basis so that errors detected can be recovered from the vendors.</p>

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9	These conditions should then be researched to determine if the coverage is being properly provided. As an illustration of the utility of such file matching, an edit of the Empire Plan enrollment records showed about 300 family policies in which the county should require the enrollee to provide proof that such a policy is required. We sorted the Empire enrollment file to identify those family policies in which the primary enrollee had no listed spouse. We then further identified records in which all children were over the age of 19 and not permanently disabled. .	6	
10	If there was no spouse or child under 19 years of age, family coverage would only be required if the children were eligible for coverage by virtue of being a full-time student. The health insurance unit should send a letter to employees in this category, requiring that proof of full time enrollment status be submitted each semester. Insurers require proof of eligibility before paying claims for children over the age of 19. However, children in this age group may not require frequent medical care, and ineligibility could remain undetected for significant periods of time, at significant cost to the county. So, as not to impose an additional burden on employees, the proof of eligibility to the county could then be forwarded to the insurers	6	
11	Given the high cost of continued health insurance coverage during the grievance period, the Comptroller's Office should urge the Office of Labor Relations to try to resolve grievances as quickly as possible. We were informed by the health insurance unit that most grievances are not upheld, and that the employees' terminations stand. If grievances could be settled in three months, rather than in ten, the County could save up to \$90,000 per year.	7	We are working with the Office of Labor Relations on such a reporting system.
12	We recommend that the Office of Labor Relations be requested to provide a monthly roster showing employees who are transferred to grievance status during the month, those that remain on grievance status, those that return to active status, and those whose grievance is settled in the county's favor.	7	